

State of Washington Decision Package

Agency: 310 Department of Corrections
Decision Package Code/Title: 0B – Contract Nursing in State Prisons

Budget Period: 2005-07

Budget Level: ML2 – Inflation and Other Rate Changes

Recommendation Summary Text:

The Department requests funds to address the shortage of qualified nurses necessary for maintaining current health care service levels.

Agency Total

<u>Fiscal Detail</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
Operating Expenditures			
001-1 - General Fund - Basic Account-State	\$2,852,000	\$2,852,000	\$5,704,000
Staffing			Annual
FTEs	<u>FY 2006</u> N/A	<u>FY 2007</u> N/A	<u>Average</u> N/A

Program 200-Institutional Services

<u>Fiscal Detail</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
Operating Expenditures			
001-1 - General Fund - Basic Account-State	\$2,852,000	\$2,852,000	\$5,704,000
Staffing			Annual
FTEs	<u>FY 2006</u> N/A	<u>FY 2007</u> N/A	<u>Average</u> N/A

Package Description

In Fiscal Year 2004, the Department had a vacancy rate of approximately 16 percent in Registered Nurse (RN) positions. This rate is equivalent to approximately 25 positions. This resulted in the Department purchasing \$5,031,000 in contract nursing hours. Because the vacancies are mandatory posts, the Department must cover the vacancy with an intermittent staff or a contracted nurse. The Department has experienced a high vacancy rate in its intermittent pool as well. The Department will require \$5,704,000 beyond the funded salaries and benefits to adequately address the current nursing shortage via contract nurses.

The national nursing shortage was recognized by the federal government in 2001 with the enacting of the Nursing Reinvestment Act. This act was to help combat and solve the nursing shortage, which was already hampering health care. Forty-seven states, including Washington State, have put together task forces to address the health care staff shortages, with nursing being one of the most recognized shortages.

Several projections and statistics have been developed specifically speaking to the RN shortage:

- The Health Resources and Services Administration has predicted that 44 states and the District of Columbia are expected to have shortages by 2020.
- The U.S. Bureau of Labor and Statistics published projections in the February 2004 Monthly Labor Review that estimates by 2012 there will be a need for one million new and replacement nurses. For the first time, the U.S. Department of Labor has identified Registered Nursing as the top occupation in terms of job growth through the year 2012.
- The number of nursing school graduates that have sat for the national licensure examination for RNs has decreased by 20 percent from 1995-2003, according to the National Council of State Boards of Nursing.
- According to the American Hospital Associations June 2001 TrendWatch, 126,000 nurses are needed now to fill vacancies in United States hospitals. Also, 75 percent of all hospital vacancies are for RNs.
- A study by Dr. Peter Buerhaus and colleagues published in the Journal of the American Medical Association on June 14, 2000, states that the U.S. will experience a 20 percent shortage in the number of nurses needed by the year 2020. This translates into 400,000 RNs nationwide.

Several reasons have been identified that are causing this shortage:

- Difficulty of the job for the compensation with inherent difficulties such as unpopular work schedules and mandatory overtime.
- Enrollment in schools of nursing is not growing fast enough to meet the projected demand for nurses over the next ten years.
- Shortage of nursing school faculty is restricting nursing program enrollments.
- Cost containment has caused higher staff to patient ratios, increasing staff workloads.
- Cost containment has limited the dollars available for education reimbursement and reimbursement for ongoing training needs.
- Aging workforce without replacement. Fewer than 20 percent of nurses are younger than 30. The median age is 47.
- For every hour of patient care, 30 to 60 minutes of paperwork is required.
- Nursing jobs not requiring direct care are becoming increasingly plentiful.

The Department faces additional obstacles in competing for the limited number of RNs available in that:

- Prison population is unattractive to a field that is mostly female. In urban settings, there are plentiful jobs in more attractive settings (hospitals, clinics, and private practice), which allows higher pay, more flexible schedules, and signing bonuses.
- Contract nurses make substantially more money and have more control of when they work. Contract nurses are also paid for travel time.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This request is critical to agency activities, the strategic plan, and statewide results. The request ensures that the Department has the necessary resources to maintain current levels of service and performance.

This request is required to sustain the agency activity *Health Care Services for Adults in State Prisons*. The resources identified will be directed to support the agency objective to reduce the rate of growth in health care costs so that resources are used/deployed efficiently, effectively, and with regard to meeting constitutional mandates. This objective and strategy moves the Department closer to meeting its high-

level organizational goal to enhance organizational capacity and competency. This high-level goal is an intermediate outcome and helps achieve statewide results that improve the safety of people and property.

Performance Measure Detail

No measures were submitted for this package.

Reason for change:

Historically, the Department was able to absorb these costs through the salaries and benefits saved through staff vacancies and delaying medical treatment. Absorbing the additional costs of contract nurses is no longer an option for the Department for the following reasons:

- The hourly rate for contracted nurses is approximately \$75 per hour.
- The salaries and benefits of Department nurses have remained unchanged; therefore, have not kept pace with the increased cost of contracting for nurses and are approximately \$32.50 per hour, including benefits.
- Delaying medical treatment results in only minor savings and increases liability to the Department and state.

Impact on clients and services:

The Department will be able to maintain the current level of constitutionally required medical services provided to offenders.

Impact on other state programs:

N/A

Relationship to capital budget:

N/A

Required changes to existing RCW, WAC, contract, or plan:

N/A

Alternatives explored by agency:

The Department has attempted to keep a sufficient intermittent pool to cover vacant posts and positions but has experienced similar challenges to those associated with hiring/retaining permanent staff.

Budget impacts in future biennia:

Funding will be required in future biennia in order to provide health care services until the nursing shortage is eliminated.

Distinction between one-time and ongoing costs:

All costs are ongoing until the nursing shortage is eliminated.

Effects of non-funding:

Not funding this proposal will require the Department to reduce other programs and services to pay for the increased costs of contracted nurses.

Expenditure Calculations and Assumptions:

The Department requests an additional \$5,704,000 to continue the current level of health care services provided to offenders. Based on historical expenditures, the Department estimates that the contract nurses are paid approximately 50 to 60 percent more than what the Department is funded for RN positions in the 2005-2007 Biennium Operating Budget. Contract nursing expenditures increased by over 200 percent from Fiscal Year 2002 to Fiscal Year 2003 and another 26 percent from Fiscal Year 2002 to Fiscal Year

2003, while RN vacancies have decreased during the last fiscal year. The Department expects these variables to stabilize in Fiscal Year 2004 and Fiscal Year 2005.

The estimate of \$5,704,000 was determined by taking the total contract nursing hours purchased in Fiscal Year 2004 of 66,958 and applying that to the average RN salary, including benefits, to determine the cost if these positions were filled. This amount was subtracted from the Fiscal Year 2004 total contract expenditures to determine the budget shortfall.

<u>Object Detail</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
N Grants, Benefits, and Client Services	\$2,852,000	\$2,852,000	\$5,704,000